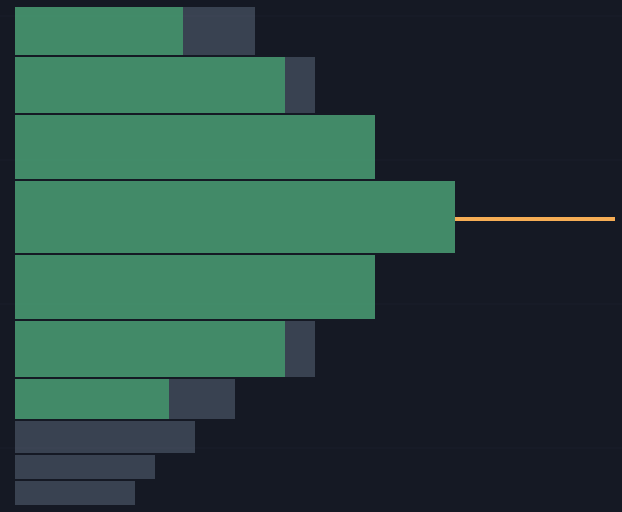
Complete Volume Profile Trading Guide



Master the art of understanding price action through volume distribution for more precise entries, exits, and market analysis

Professional Trading Series

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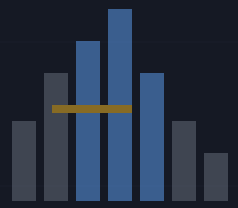


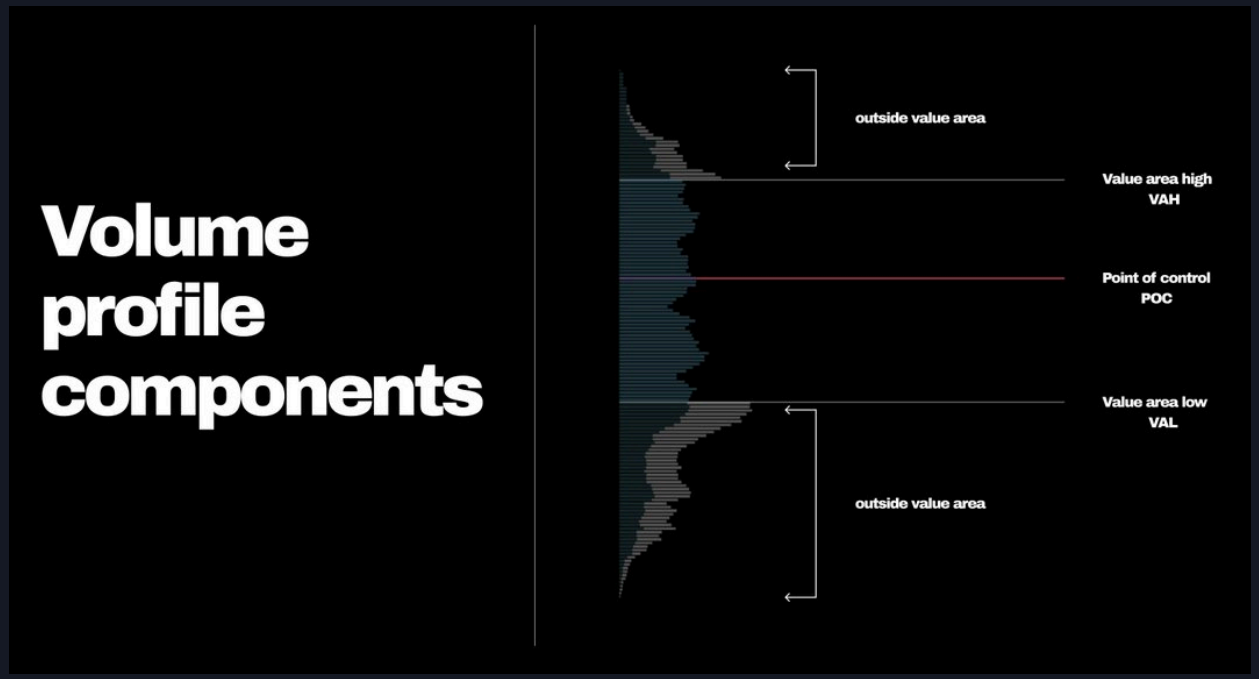
Introduction to Volume Profile

Volume Profile is a **powerful technical analysis tool** that displays the amount of trading volume occurring at different price levels over a specific time period.

Unlike traditional candlestick charts that focus on price movement over time, Volume Profile reveals **where the majority of trading activity occurs** across price levels.

Key Purposes:

- Identify fair value zones where most trading occurs
- Locate dynamic support and resistance levels
- Recognize potential reversal and continuation points
- Provide objective, volume-based decision framework



Why Use Volume Profile?

Volume Profile helps traders make more informed, data-driven decisions by revealing valuable market insights:

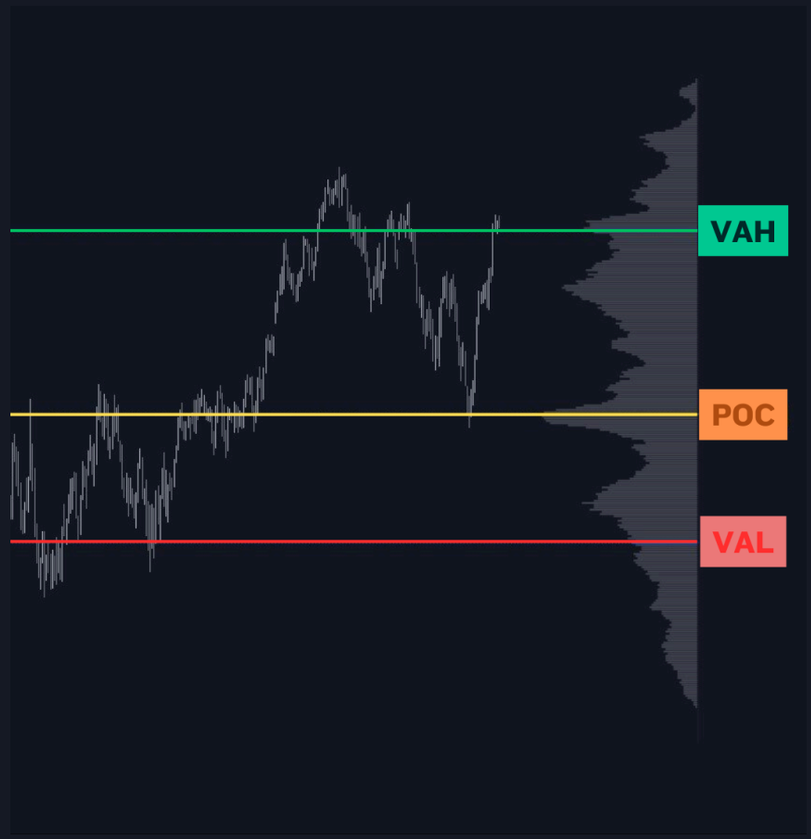
Identify Fair Value
See where the bulk of trading activity occurs, revealing price levels where buyers and sellers agree on fair value

Dynamic Support & Resistance
Find objective support/resistance zones based on actual trading volume rather than subjective chart patterns

Spot Reversals & Continuations
Identify key price levels where market behavior is likely to change direction or continue existing trends

Beyond Candlestick Patterns
Move beyond relying solely on candlestick patterns to incorporate volume data for stronger signals

Objective Decision Framework
Create a more systematic, less emotional approach to market analysis and trade decisions

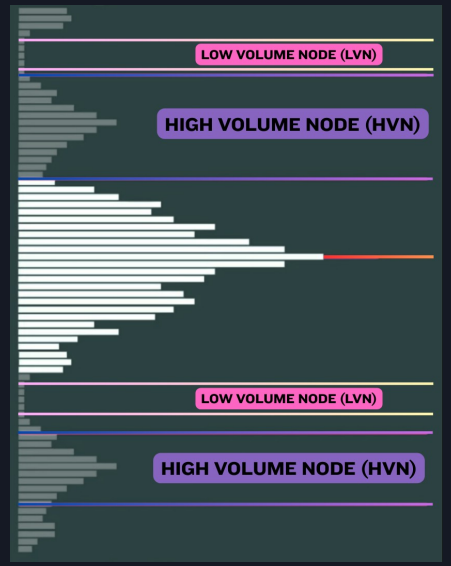


Value Area High (VAH)
Point of Control (POC)
Value Area Low (VAL)

"Buy low, sell high with objective volume data"

Key Concepts Overview

- Value Area (VA) - Where 70% of trading volume occurred in the selected time period
- Value Area High (VAH) - Upper boundary of value area; considered a "premium" price
- Value Area Low (VAL) - Lower boundary of value area; considered a "discount" price
- Point of Control (POC) - Price level with **highest** traded volume; "fair value" area
- **High Volume Nodes (HVN)** - Areas of high volume outside the POC
- **Low Volume Nodes (LVN)** - Areas with little to no volume; price often drawn to these



Point of Control (POC)

Value Area High/Low (VAH/VAL)

Value Area (70% of Trading Volume)

Understanding Fixed Range Volume Profile (FRVP)

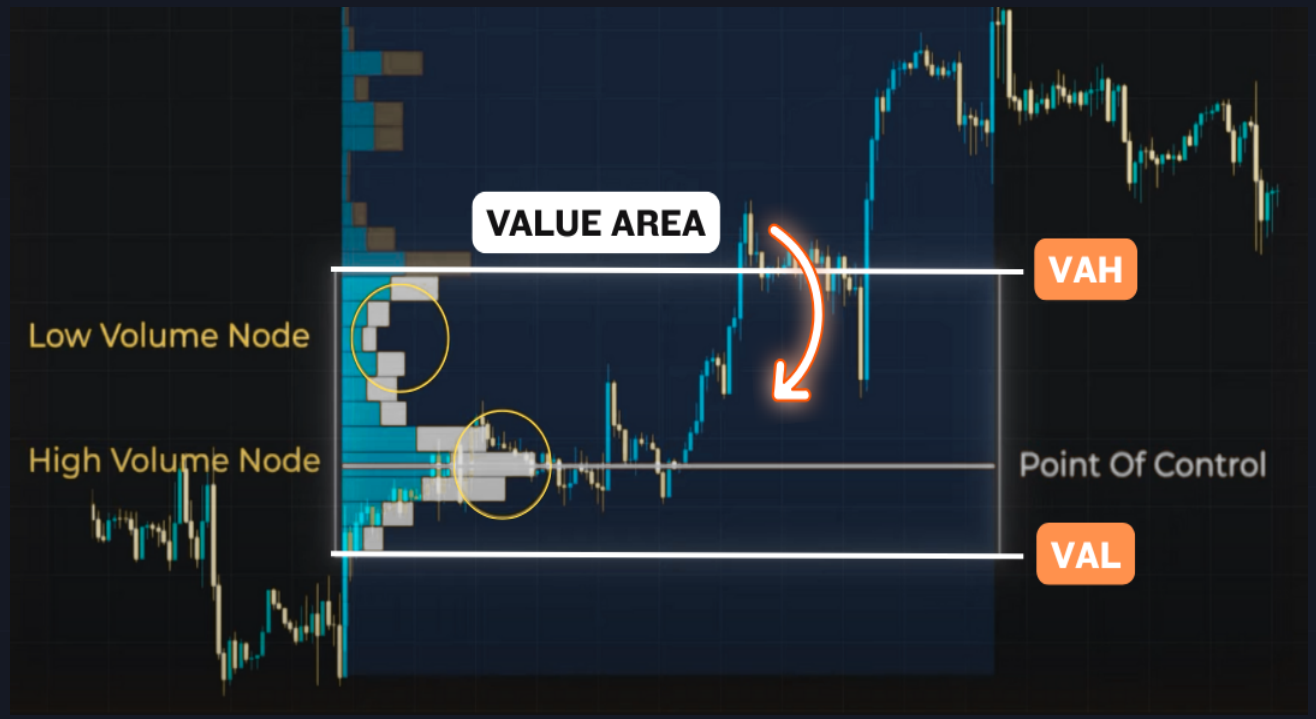
FRVP plots a histogram of trading volume within a specific period, showing where most transactions occurred across price levels.

Key Components:

- **Value Area (VA):** Where 70% of volume occurred (highlighted section)
- **Point of Control (POC):** Price level with highest traded volume
- **VAH & VAL:** Upper and lower Value Area boundaries

Why FRVP Matters:

FRVP is the backbone for all trading strategies in this guide. It provides objective price levels based on actual market participation rather than just price action.



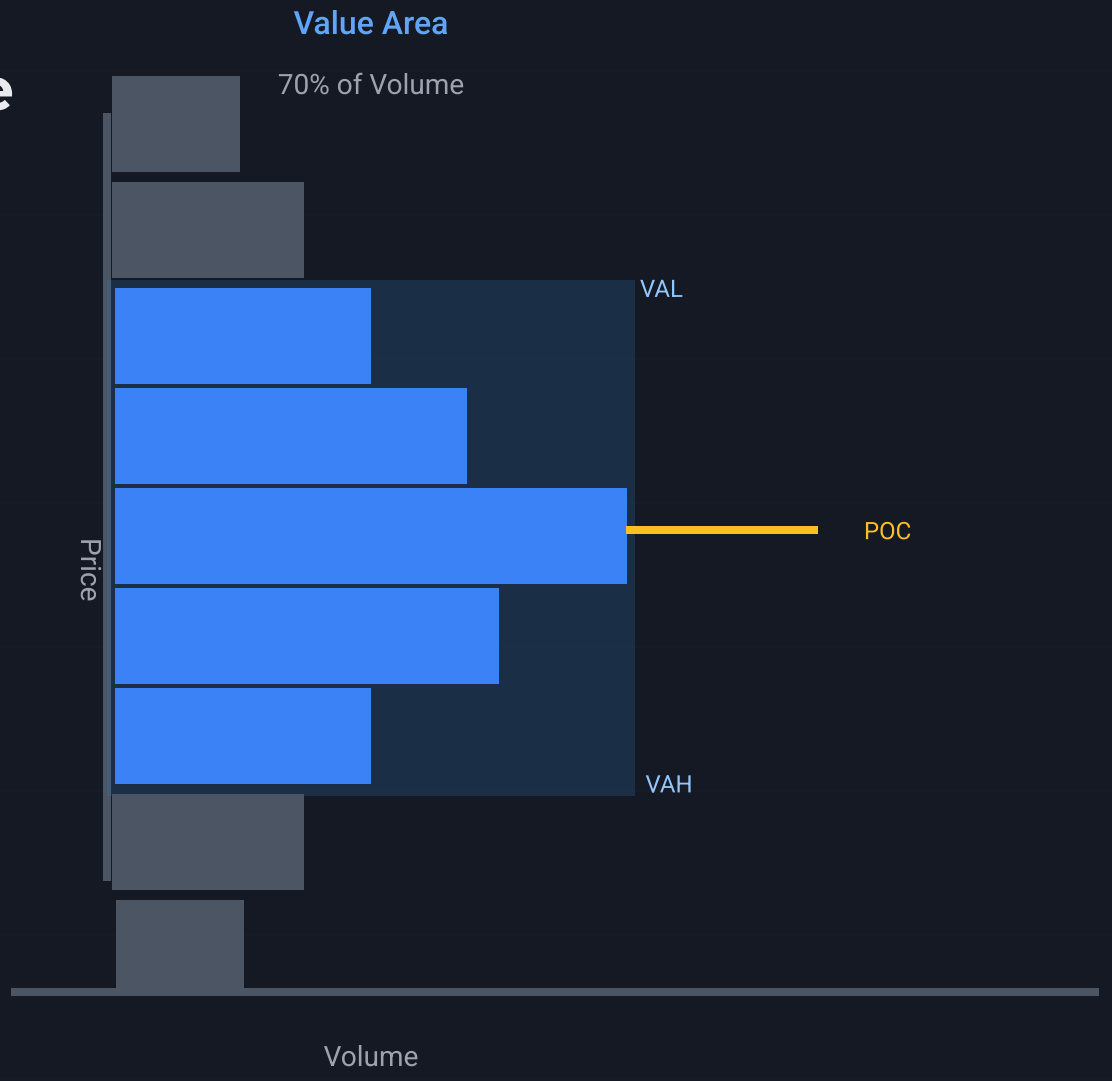
Value Area: The Heart of the Profile

The **Value Area** is the highlighted section in the volume profile where **70%** of all trading volume occurred within your selected timeframe.

Key characteristics:

- Bounded by Value Area High (VAH) at the top and Value Area Low (VAL) at the bottom
- Represents where most market participants were comfortable trading
- Price tends to revert back to this area after excursions
- Consolidation within this area is common

The Value Area is a powerful focal point for trade decisions, helping identify when price is at extremes (above VAH or below VAL) or at fair value (near POC).



VAH & VAL: Edges of Value

↑ Value Area High (VAH)

The top boundary of the value area where 70% of traded volume occurred. Often considered a **premium price level** in the market.

↓ Value Area Low (VAL)

The bottom boundary of the value area. Often considered a **discount price level** in the market.

⇄ Role Reversal

When broken, VAH can become support after being resistance. VAL can become resistance after being support.

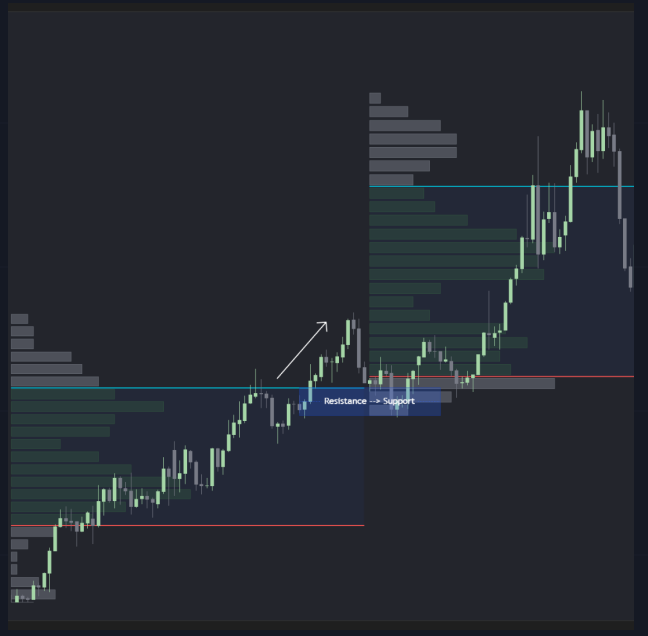
Trading Applications

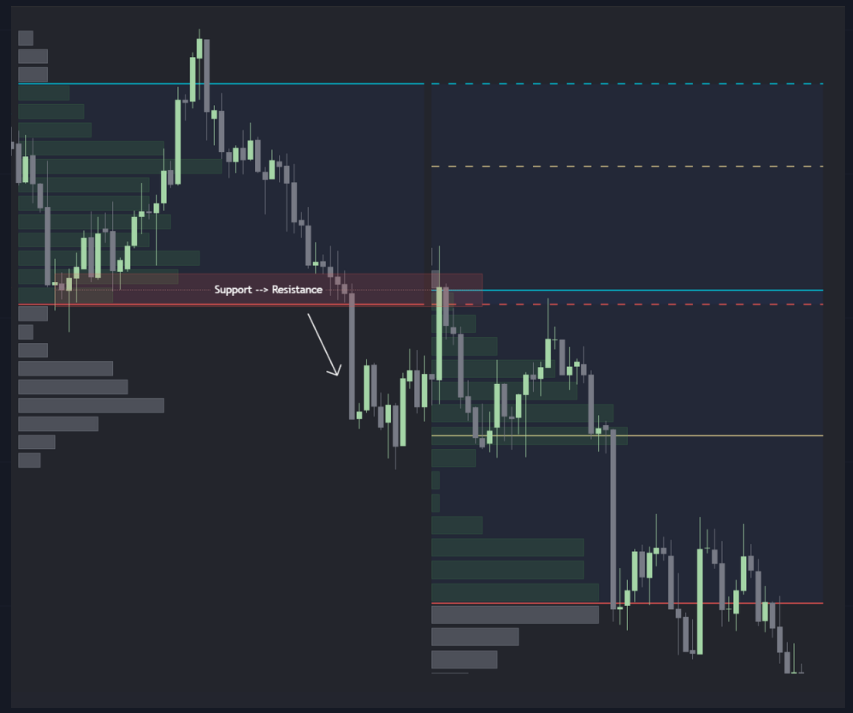
💡 VAH - Price Reactions:

When price approaches VAH, expect bearish reactions. Sellers are often happy to sell at this premium price level.

💡 VAL - Price Reactions:

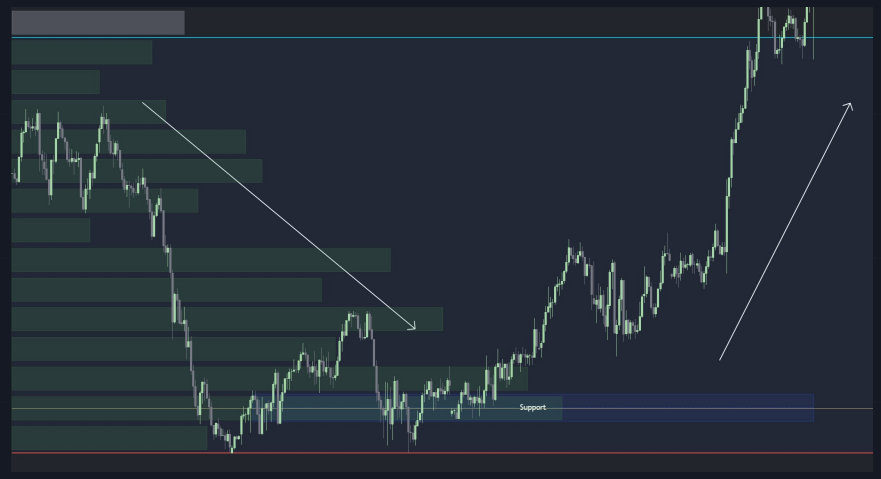
When price approaches VAL, expect bullish reactions. Buyers are often eager to buy at this discount price level.





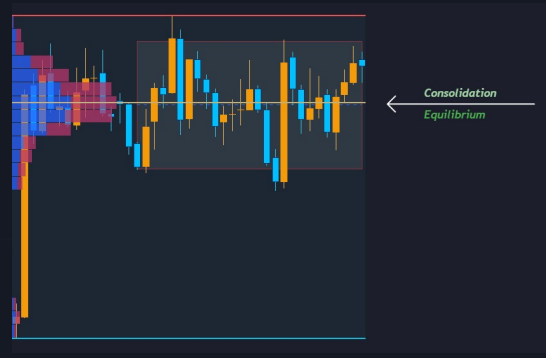
Point of Control (POC): The 'Fair Value'

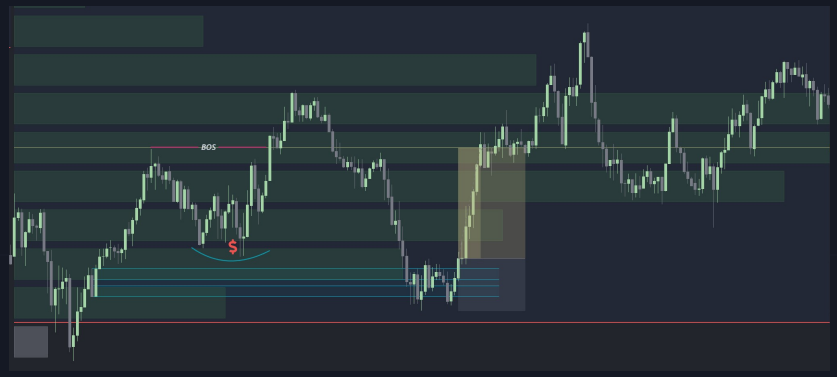
- **Definition:** The price level with the highest traded volume in the profile
- **Fair Value Concept:** Where buyers and sellers were happy to exchange with each other (equilibrium price)
- **Price Magnet:** Acts as a gravitational center for price, frequently drawing price back to this level
- **Trading Behavior:** Often forms consolidations and ranges; can be choppy due to equilibrium between buyers and sellers



Trading Applications

- Good take-profit target for trades from extremes
- Trade the range that forms around POC rather than direct entries
- Caution: Often 'flips' between support and resistance
- Can be used to gauge overall market sentiment





High Volume Nodes (HVN)

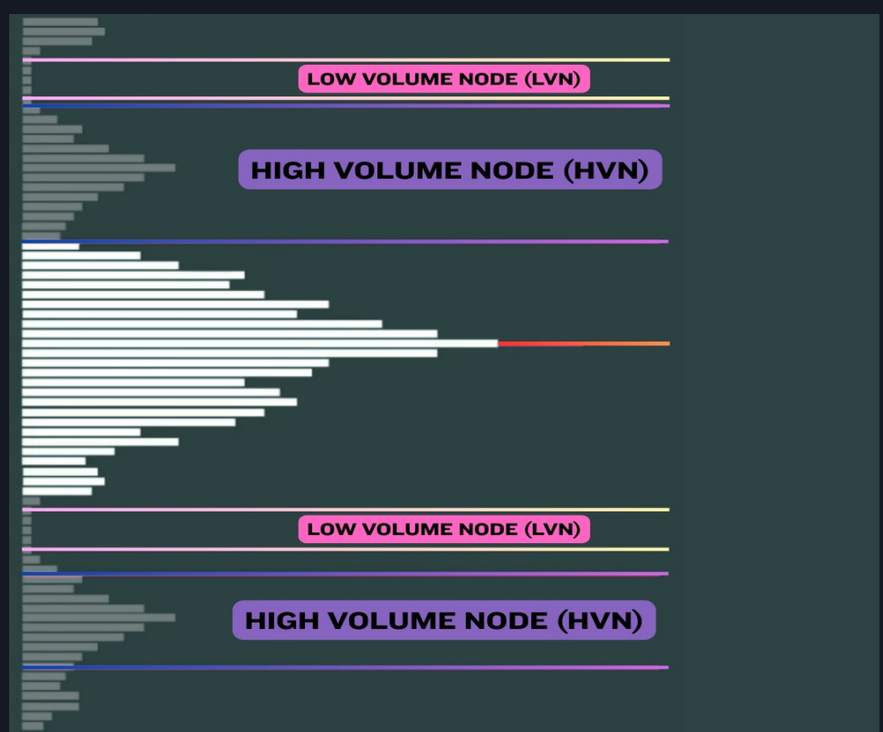
Definition

High Volume Nodes (HVNs) are areas on the fixed range volume profile where significant trading volume has occurred, but they are not the Point of Control.

- Secondary concentrations of trading activity
- Appear as notable spikes in the volume profile
- Often found outside the Value Area, but can be within it
- Represent price levels where buyers and sellers actively transacted

Characteristics & Identification

- Visually obvious on the profile - "your eyes are going to see a high volume node straight away"
- Distinct volume spikes away from the POC
- May indicate areas where price previously consolidated
- Often mark significant levels where trading decisions were made



Trading Applications

- Primarily effective as **take-profit targets**
- Less reliable for entry points (author reports limited success taking trades from HVNs)
- Can act as support/resistance zones in certain contexts
- Often represent "fair value" areas where price may pause

Low Volume Nodes (LVN)

What are Low Volume Nodes?

Areas on the fixed range volume profile where **little to no trading volume** has occurred. These represent price zones that traders have skipped or avoided.

Key Characteristics

- Appear as **gaps or thin areas** in the volume profile
- Represent price levels where buyers and sellers have not agreed to transact
- Often found in areas of quick price movement or overnight gaps
- Visually noticeable as "valleys" between volume clusters

Fair Value Gap Connection

LVNs frequently align with ICT fair value gaps. Both concepts identify price areas with minimal transaction activity that may attract future price movement.

Trading Applications

- ✓ Excellent take-profit targets
- ✓ Price tends to be drawn to these areas
- ✗ Less reliable as direct trade entry points
- ! May act as support/resistance when tested

Note: Trading preference for LVNs varies by trader - experiment to determine their effectiveness in your strategy

Volume Profile Settings & Platform Setup

Critical Settings

Row Size: 1,000

This is the most important setting to change. Default settings provide less detail. Using row size 1,000 gives you the most detailed and precise price levels.

Other settings (visibility, coordinates, colors) are preference-based.

Required Chart Types

- **ES/NQ Futures Charts ONLY**
  Do NOT use CFD charts (US500, NAS100) as they lack accurate volume data.
- **1-Minute Timeframe Required**
  Always draw levels on 1-minute charts for most precise level placement.

Platform Checklist:

- TradingView with ES/NQ charts
- Row Size set to 1,000
- CME data package activated
- 1-minute timeframe selected

Data Requirements

Real-Time Data Access

By default, futures data has a 10-minute delay without CME package.

Without CME data package, your chart will be 10 minutes behind real-time!

How to Get Real-Time Data:

- Purchase directly through TradingView
- Buy a cheap Apex Eval on Tradeovate (includes CME package free)

Trading Sessions & Optimal Times

All times referenced below are in New York Time (EST/EDT)

London Session

2-3 AM Exercise Caution

Market can be unpredictable during this period. More caution is recommended when placing trades.

3+ AM Optimal Trading

After 3 AM is when you should really be looking for setups. Volume and liquidity generally improve.

London opens approximately 3 AM NY time and is known for consistent volatility throughout the session.

New York Session

9-10 AM Avoid Trading

Market tends to be more irrational during the first hour after open. Better to observe than trade.

10+ AM Optimal Trading

After the initial volatility settles, look for trade setups. Higher quality setups typically develop after the first hour.

NY session runs approximately 9:30 AM - 4 PM and typically offers the highest volume and liquidity.

Asia/Out of Session

5-8 PM Avoid Trading

Avoid trading during the "void" between NY close and Asia open. Low volume and potential for erratic price movements.

8 PM - 12 AM Acceptable Trading

After 8 PM, as Asian markets open, volume picks up and trading becomes more viable.

Asian session typically has lower volatility but can offer good setups, especially around key levels.

Level Types - Previous Day, Week, Current Session

Previous Week's Levels

How to Draw:

- Draw FRVP from Monday 00:00 to Friday 16:59 of previous week
- Must use 1-minute chart for highest precision
- Mark POC, VAH, VAL from the profile

Mon 00:00 — Fri 16:59

When to Use:

- For longer-term perspective
- When price is far from daily levels
- For major support/resistance zones

Previous Day's Levels

How to Draw:

- Draw FRVP from 9:30 to 16:00 (NY time) of previous day
- Must use 1-minute chart for highest precision
- Mark POC, VAH, VAL from the profile

9:30 AM — 4:00 PM

When to Use:

- Primary reference for daily trading
- Most reliable for intraday setups
- Primary support/resistance levels

Current Session Levels

How to Draw:

- Before 9:30 AM: Draw from 18:00 previous day to current price
- After 9:30 AM: Draw from 9:30 AM to current price
- Wait until 10:30 AM for more reliable levels

When to Use:

- When price is not near previous day/week levels
- For shorter-term scalping opportunities
- To understand developing value in current session

Trading Tip:
Always draw levels on ES and NQ futures charts, not CFD charts, as they provide accurate volume data. Trade from previous day/week levels first, then use current session levels when price is in "no man's land".

Trading Behavior Analysis at Levels

Three critical factors to analyze when trading at volume profile levels. Understanding these elements helps determine if a level will hold as support/resistance or break.

Historical Price Action

- Examine previous rejections or breaks at the level
- Multiple prior rejections suggest stronger support/resistance
- Previous breaks indicate potential for level role reversal

Aggression Analysis

- Measure speed and momentum approaching the level
- High aggression (large, quick candles) suggests potential level break
- Low aggression favors level respect and potential reversal

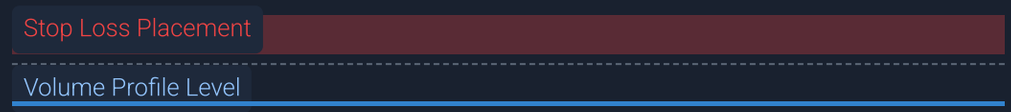
Candle Rejections

- Look for wicks into the level showing rejection
- Multiple wicks indicate strong buying/selling pressure
- Engulfing candles signal potential reversal or continuation

Key Point: Wait for confluence of all three factors before entering a trade. The stronger the confluence, the higher the probability setup.

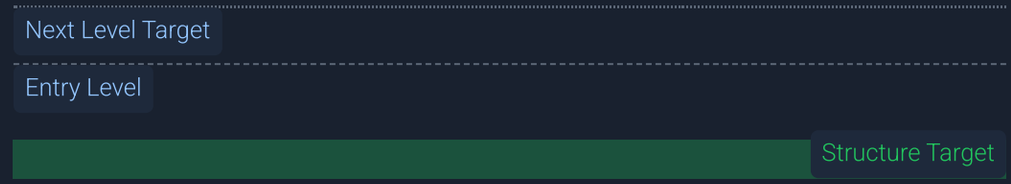
Stop Loss & Take Profit Strategies

Stop Loss Placement



- Always **cover the level** with your stop loss
- Give stop loss **additional room** beyond the level
- Look for recent structure (highs/lows) past the level to place your stop
- Never place stop loss directly on the level - price often retests before moving

Take Profit Targets



- Two primary targets: **nearest structure** or **another level**
- Target most recent structure high/low for quick targets
- Combine previous day's levels with current session levels for targets
- Use fixed RR (1:1, 1:1.5) when uncertain about targets

Risk Management Principles

- Think of levels as **zones, not exact price points**
- Manage risk by moving stop loss to breakeven when possible
- For high-confidence trades, consider taking partial profits
- Your full risk should only be realized if trade goes against you immediately

Practical Trading Examples & Case Studies

Overnight/Asian Session Example

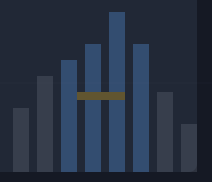
- Entry at VAL (Value Area Low): 6515, trading the discount area
- Target: Value Area High at 6517.25
- Strategy: Use larger position sizes to compensate for lower volatility
- Execution: Added contracts as position moved favorably
- Exit trigger: Price held level into Tokyo open, pushing back to VAH
- Key insight: Asian sessions have smaller price movements but predictable level reactions

New York Session Range Trading

- Setup: Trading the range between Point of Control and Value Area High
- Execution: Nine consecutive short positions from the same level
- Entry trigger: Price rejection at the top of established range
- Targets: Range bottom (POC) for each short position
- Risk management: Small stops above the range high
- Key insight: Ranges form frequently around POC; multiple trades possible from same level

Weekly Level Case Study

- Setup: Clean short from previous week's Point of Control
- Analysis: Observed seller control at the weekly level
- Entry: Short position after price rejection at previous week's POC
- Stop loss: 5 points above entry, covering the level with room
- Take profit: Previous structure and current session's Value Area Low
- Exit: Closed as buyers appeared at current VAL support
- Key insight: Weekly levels provide strong reactions, especially POC



Risk Management & Position Sizing

Practice Recommendations

- Take 40-60 trades per day initially to rapidly gain experience
- Use micro contracts or demo accounts to minimize financial risk
- Focus on observation and pattern recognition at volume levels
- Trade aggressively to learn what works for you personally

> *"Five days. Three hundred trades. That's a year's worth of experience for anyone only trading once or twice a day.."*

Strategy Simplicity

- The strategy is intentionally simple - this is its strength
- Avoid overcomplicating with additional indicators
- Focus on core Volume Profile levels (VAH, VAL, POC)
- The edge comes from repeated experience, not complexity

Experience Building

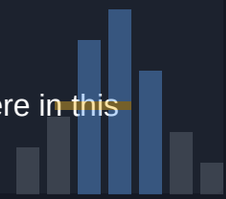
- Make mental notes of level reactions without formal journaling
- If getting "shafted" at certain levels, adjust approach
- Recognize which levels work better as entries vs. take profits
- Learn through repetition how markets interact with volume nodes

Psychological Aspects

- Develop "trading intuition" through repeated volume level exposure
- Take losses in stride as part of the learning process
- Maintain emotional detachment through position sizing
- Don't seek perfection - seek consistency through repetition

Key Principle

"The strategy's simple — but that's exactly why some of you are struggling. Stop searching for what's not there. Everything I use daily is right here in this series."



Final Recap & Next Steps

Key Volume Profile Concepts

Value Area (VA) - Where 70% of volume traded, representing areas of agreement between buyers and sellers

Point of Control (POC) - Highest volume price level, considered "fair value" where most transactions occur

VAH/VAL - Upper/lower bounds of the Value Area, representing premium/discount zones

HVNs & LVNs - Areas of high or low volume that can serve as support/resistance or price magnets

Remember

Volume Profile is a practical tool, not a holy grail. It works best when:

- Combined with price action context
- Used with proper risk management
- Viewed as zones, not exact lines
- Applied consistently with practice

"Trade the levels, respect the volume, and let experience guide your decisions."

Next Steps

Practice With Demo
Start with a demo account or micro-lots until confident

Set Up Your Charts
Apply correct row size (1000), use 1-minute timeframe on ES/NQ futures

Mark Your Levels Daily
Draw weekly, daily, and session levels at appropriate times

Journal Your Trades
Record which levels work best for you and adapt accordingly

Build Experience
Take many trades to develop intuition and feel for the levels